

## **IFRS Discussions**

**Meeting Date:** November 20, 2008

**Meeting Time:** 9:30-4:00

**Location:** AUC Calgary Offices (Fifth Avenue Place Boardroom) & Telephone Conference

**Attendees:** Jodi Chaulk, Darcy Mazurkewich, David Mitchell, Fino Tiberi (AUC), Arnold Mantei, Andrew Baboneau (AltaGas), Richard McCabe, Shai Patel, James Yeo (AltaLink), Barry McNabb (ATCO Electric), Dan Rochon (ATCO Group) Dave Eaglesham (City of Lethbridge) Azad Merani (Consumers Coalition of Alberta), Bonnie McAllister, Connie Franklin, Kate Leonard, Melanie Litoski (ENMAX), Tony Loconte, Mark Jurijew, Pat Wong (EPCOR), Dustin Madsen, Mike Olson, (FortisAlberta), Greg Matwichuk (Stephen Johnson Chartered Accountants), Kara Mah, Sandra Ryan-Robinson (TransCanada), Russ Bell (UCA) Mike Stock (AltaGas via telephone conference)

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### **1. Opening Remarks**

Willie Grieve, Chair of the Alberta Utilities Commission, welcomed the members of the IFRS working group.

### **2. Review of Feedback Provided on Guiding Principles**

The draft guiding principles were reviewed taking into consideration the written comments previously circulated by FortisAlberta and the UCA, as well as verbal comments from the working group.

The working group confirmed the transition to IFRS reporting standards will proceed as planned. The task of the working group will be to devise a reporting protocol that will accommodate the regulatory reporting requirements of the AUC within the framework of the IFRS standards while minimizing the efforts to maintain two distinct and separate financial reporting models.

The group reviewed the guiding principles and provided additional feedback. The specifics are listed below:

- Usage of the word 'balance' in bullet three of the guiding principles: want to make sure that the customers and shareholders are not harmed. Also, do not want the utilities' ability to earn their allowed return to be negatively impacted.
- Replace 'rate making principles' with regulatory requirements or principles. The latter is more broad and generic. All agreed on this point.
- Include wording that the public interest will be considered.

***Action Item: AUC will revise the wording of the guiding principles to reflect the changes suggested by the working group and circulate another version for review prior to the next scheduled meeting on December 5, 2008.***

### **3. Update on Rate Regulated Assets and Liabilities from the November, 2008 Meeting of the International Financial Reporting Interpretations Committee**

The IFRIC rejected a recommendation from its staff that the IFRIC add the topic of rate regulated assets and liabilities to its meeting agenda. Therefore, from the IFRIC point of view, this topic will not be explored any further. However, the Standards Advisory Council, which is an external advisory council to the International Accounting Standards Board, may be interested in adding this topic of rate regulated assets and liabilities to the agenda of the IASB. So the good news is that the topic may still be addressed by the IASB.

### **4. Priority Items to Review, Analyze and Discuss**

The balance of the meeting was spent addressing the topics listed under agenda item 3. The following is a summary of the discussion, by topic, and the consensus opinion of the manner in which it should be addressed.

***It was noted that ENMAX and NGTL have not endorsed the consensus positions documented hereafter in these minutes. ENMAX is awaiting a decision from the AUC on its Formula Based Rate Application. NGTL has neither agreed nor disagreed with the consensus positions documented hereafter in these minutes as it is considering the impact a conversion to IFRS or U.S. GAAP would have on its accounting systems and financial statements.***

## **Regulatory Assets and Liabilities**

### **Discussion**

- While the possibility remains that regulated assets and liabilities will be recognized under IFRS, the working group acknowledged that regulated assets and liabilities (i.e. deferral accounts) must remain as regulatory instruments.
- Working group also recognized that some regulatory assets and liabilities may have no impact on rate-making due to the fact that they would cancel out the offsetting asset/liability also recognized under GAAP (e.g. future income taxes).
- IFRS impact may be that some deferral accounts may need to be recovered in a shorter timeframe than what exists currently. This would help decrease the difference between income determined under IFRS and regulatory income (especially if IFRS does not allow regulatory assets and liabilities to be recognized).

- Timing of the recovery should be utility specific in order to minimize rate shock on customers and to increase the predictability of cash flow for the utility.
- There was much discussion around the utilities' auditors. All agreed that it would be helpful to the utilities in dealing with their auditors if the Commission included some positive wording in future Decisions reinforcing that regulatory assets and liabilities are accounting assets and liabilities and they will continue to be collected/refunded in the future. It was noted that this wording would have to be carefully crafted and include statements to the effect that settlement of the regulatory assets and liabilities would as always, be subject to a prudence review.

*Consensus Position: Regulatory deferral accounts will continue regardless of the IFRS reporting standards. Utilities should be able to apply for these accounts and their disposition and the AUC will continue to determine the appropriateness of both.*

## **Property Plant & Equipment – Revaluation Option**

### **Background:**

Under IFRS, a company is allowed to elect a policy to revalue long-term assets to fair value on a regular basis, while historical cost is required for regulatory rate setting.

### **Discussion**

- Working group agreed the revaluation option should not be used by the utilities for regulatory purposes.

*Consensus Position: The utilities will maintain the practice of using historical costs to record property plant and equipment accounts for regulatory purposes.*

## **Property, Plant & Equipment – Capitalization/Non-Capitalization of Costs: General and Administrative**

### **Background:**

IFRS does not allow the capitalization of costs that are not 'directly attributable' to the asset.

### **Discussion**

- Depending on the capitalization policy that is currently used by the utilities, it was noted that the impact of adopting IFRS will either increase the general and administrative costs and decrease rate base or vice versa.
- It was agreed that regulatory policy should be aligned with IFRS in this regard.

- Discussion centered around the idea of having the utilities, as part of their first general tariff application filing after adoption, provide information that compares the impact of using this IFRS requirement to the existing capitalization rules.
- Some discussion was held regarding the ability for different parties to interpret whether a company's capitalization policy was in accordance with IFRS or not.
- Regulatory accounts could be established if the difference is significant and costs are determined to be prudently incurred and thus recoverable.

*Consensus Position: The Utilities will adopt this IFRS requirement on a prospective basis for regulatory purposes. The differences that arise as a result of the adoption of this IFRS requirement should be identified in the utilities' first filing after adoption. The utilities will propose in their applications how the differences identified should be dealt with (e.g. the establishment of some sort of regulatory account) and the AUC and other interested parties will review these proposals. In addition, the utilities will file a copy of their updated capitalization policy as a part of their first filing after adoption. These capitalization policies will be subject to review by the AUC and other interested parties.*

### **Property, Plant & Equipment – Capitalization/Non-Capitalization of Costs: Borrowing Costs/Equity Allowance for Funds used During Construction**

#### **Background:**

IFRS may not allow the equity portion of AFUDC to be included in the cost of capital assets. Capital inventory may also not be eligible for interest used during construction under IFRS.

#### **Discussion**

- It was noted that adoption of this IFRS requirement would have a bottom line impact to the utilities as it would reduce rate base and return.
- It was identified that if the current regulatory practice was continued this would result in differences in the value of certain property, plant and equipment figures for regulatory purposes and external financial reporting purposes. This would result in two sets of asset records. It was also noted that these differences would result in reconciliations between the IFRS figures and the regulatory figures.
- The utilities will be free to apply to the AUC to adopt Interest during Construction for regulatory purpose at a future proceeding.

*Consensus Position: The utilities will not adopt this IFRS requirement for regulatory purposes but instead will continue using the AFUDC methodology that is currently in place. However, the utilities may apply to make their regulatory practice the same as the IFRS practice. This change request would be subject to review by the AUC and other interested parties.*

## **Property, Plant & Equipment – Capitalization/Non-Capitalization of Costs: Depreciation of Assets Used in the Construction of Other Assets**

### **Background:**

The depreciation of assets used in the construction of other assets would be capitalized under IFRS whereas they are not consistently capitalized currently.

### **Discussion**

- Working group discussed that IFRS could be followed as it is also required under the Uniform System of Accounts

*Consensus Position: Adopt the IFRS requirement in this area as the Uniform System of Accounts and Minimum Filing Requirements are going this route.*

## **Property, Plant & Equipment – Capitalization/Non-Capitalization of Costs: Asset Relocation Costs**

### **Background:**

Currently utilities capitalize the costs of moving an asset already in service from one location to another. Under IFRS, the installation cost in the new location can be capitalized as long as the costs in the old location are retired. The cost of actually relocating existing assets has to be expensed as it does not provide future economic benefit.

### **Discussion**

- Working group believed the IFRS impact on this reporting activity would be minimal.

*Consensus Position: The Utilities will adopt this IFRS requirement on a prospective basis for regulatory purposes. The differences that arise as a result of the adoption of this IFRS requirement should be identified in the utilities' first filing after adoption. The utilities will propose in their applications if and how the differences identified should be dealt with (e.g. the establishment of a regulatory account) and the AUC and other interested parties will review these proposals. In addition, the utilities will file a copy of their updated capitalization policy as a part of their first filing after adoption. These capitalization policies will be subject to review by the AUC and other interested parties.*

## **Property, Plant & Equipment – Capitalization/Non-Capitalization of Costs: Pre-Operating Costs**

### **Background:**

There is potential that certain costs currently capitalized under generally accepted accounting principles would not be capitalized under IFRS.

### **Discussion**

- Working group believed the IFRS impact on this reporting activity would be minimal.

*Consensus Position: The Utilities will adopt this IFRS requirement on a prospective basis for regulatory purposes. The differences that arise as a result of the adoption of this IFRS requirement should be identified in the utilities' first filing after adoption. The utilities will propose in their applications if and how the differences identified should be dealt with (e.g. the establishment of a regulatory account) and the AUC and other interested parties will review these proposals. In addition, the utilities will file a copy of their updated capitalization policy as a part of their first filing after adoption. These capitalization policies will be subject to review by the AUC and other interested parties.*

## **Property, Plant & Equipment – Capitalization/Non-Capitalization of Costs: Training Costs**

### **Background:**

There is potential that certain costs currently capitalized would not be capitalized under IFRS.

### **Discussion**

- Working group believed the IFRS impact on this reporting activity would be minimal.

*Consensus Position: The Utilities will adopt this IFRS requirement on a prospective basis for regulatory purposes. The differences that arise as a result of the adoption of this IFRS requirement should be identified in the utilities' first filing after adoption. The utilities will propose in their applications if and how the differences identified should be dealt with (e.g. the establishment of a regulatory account) and the AUC and other interested parties will review these proposals. In addition, the utilities will file a copy of their updated capitalization policy as a part of their first filing after adoption. These capitalization policies will be subject to review by the AUC and other interested parties.*

## **Property, Plant & Equipment – Capitalization/Non-Capitalization of Costs: Asset Commissioning Costs**

### **Background:**

There is potential that certain costs currently capitalized under generally accepted accounting principles would not be capitalized under IFRS.

### **Discussion**

- Working group believed the IFRS impact on this reporting activity would be minimal.

*Consensus Position: The Utilities will adopt this IFRS requirement on a prospective basis for regulatory purposes. The differences that arise as a result of the adoption of this IFRS requirement should be identified in the utilities' first filing after adoption. The utilities will propose in their applications if and how the differences identified should be dealt with (e.g. the establishment of a regulatory account) and the AUC and other interested parties will review these proposals. In addition, the utilities will file a copy of their updated capitalization policy as a part of their first filing after adoption. These capitalization policies will be subject to review by the AUC and other interested parties.*

## **Property, Plant & Equipment – Treatment of Gains and Losses upon Retirement of Assets**

### **Background:**

Under IFRS individual assets must be derecognized when they no longer have a useful life and the resulting gain or loss taken into income. There is no ability to defer these gains and losses by adjusting the accumulated depreciation balance of the asset pool.

### **Discussion**

- If the Equal Life Group (ELG) and the Average Service Life (ASL) depreciation methods are found to be acceptable under IFRS then the gains or losses on retirements of assets should not be frequent events.
- This is one of the issues the big four accounting firms are discussing at their upcoming meeting in December.
- If the ELG and the ASL methods are not accepted by the auditors, would all property, plant and equipment retirements require accounting in a regulatory deferral account, or just exceptional or unusual situations?
- The consensus position will be subject to a review by the depreciation specialists of the utilities to insure it can be done.

*Consensus Position: For regulatory purposes, there will be no change in the treatment of gains and losses upon the retirement of assets. If there is a difference between accounting under IFRS and regulatory accounting, then such gains and losses will be*

*identified by the utilities and recorded in a separate subsidiary accumulated depreciation account.*

## **Property, Plant & Equipment – Componentization: Tracking, Depreciation Rates, Commencement of Depreciation**

### **Background:**

IFRS requires that expected major overhauls be estimated and separately componentized upon initial recognition of an asset. This portion of the asset's cost would then be depreciated over a different period of time than the related asset. Under IFRS, depreciation rates are based on useful life and must be reviewed annually. Therefore, the rates at which assets depreciate could be different. Under IFRS, depreciation commences when an asset is available for use, not when it is put into use.

### **Discussion**

- Resolution of this issue will be dependent upon whether the current depreciation methods are appropriate under IFRS.
- If the current methods are not acceptable under IFRS standards, then individual utilities would be expected to report the differences between their current method and IFRS standards at the next appropriate proceeding.
- Auditors may be concerned if the economic life of the asset exceeds the physical life of the asset. If the reverse is true, then the auditors should not be as concerned.
- If the economic life discussion with the auditors is successful, then the commencement of depreciation area should not be a major issue. The only area that may be affected would be plant held for future use.
- If the level of componentization that is required under IFRS is more detailed from that currently utilized then utilities could apply to have the IFRS level utilized.
- IFRS does require that depreciation starts once asset available for use but that is not inconsistent with Canadian GAAP.

*Consensus Position: For regulatory purposes, the utilities will continue with the current depreciation rates if they are the same as IFRS. If IFRS results in different depreciation rates and/or timing of commencement of depreciation, then the utilities would be free to individually apply for these different depreciation rates. These new rates would be subject to review by the AUC and other interested parties.*

*Consensus Position: With respect to major overhauls, the utilities will adopt this IFRS requirement on a prospective basis for regulatory purposes. The differences that arise as a result of the adoption of this IFRS requirement should be identified in the utilities' first filing after adoption. The utilities will propose in their applications if and how the differences identified should be dealt with (e.g. the establishment of a regulatory account) and the AUC and other interested parties will review these proposals. In addition, the utilities will file a copy of their updated capitalization policy as a part of their*

*first filing after adoption. These capitalization policies will be subject to review by the AUC and other interested parties*

*Consensus Position: With respect to componentization, there will be no change in the level of detail currently reported for regulatory purposes. If IFRS requires a greater level of componentization the utilities will be free to individually apply for this and such a request would be subject to review by the AUC and other interested parties.*

## **Property, Plant & Equipment – Asset Retirement Obligations/Future Removal and Site Restoration Costs**

### **Background:**

Under IFRS, a liability for asset retirement obligations is required to be recognized when either a legal obligation or a constructive obligation exists. Under Canadian GAAP, liabilities for asset retirement obligations are recognized only when there is a legal obligation and when a reasonable estimate can be made of the amounts involved. Under IFRS, the amount of the provision is the present value of the expenditures expected to be required to settle the obligation. For regulatory purposes, the depreciation rates of some utilities include a provision for future removal and site restoration costs.

### **Discussion**

- Resolution of this issue will require more study by the utilities.
- This could shift timing of collection of these costs if the IFRS standards are adopted.

*Consensus Position: The utilities will continue with the use of negative salvage values as the standard of reporting for regulatory purposes. The utilities will be free to individually apply for different treatment and such a request would be subject to review by the AUC and other interested parties.*

## **Property, Plant & Equipment – Treatment of Insurance Proceeds**

### **Background:**

Under IFRS, insurance proceeds are recorded in income. Currently, insurance proceeds received for loss of an asset are considered proceeds of disposition with the resulting gain or loss going into accumulated depreciation.

### **Discussion**

- The treatment of insurance proceeds for operating events would be the same under IFRS as it is now.
- Under IFRS, utilities would have to be virtually certain that they are getting the insurance proceeds.

*Consensus Position: For regulatory purposes, the utilities will, on a prospective basis, identify any insurance proceeds and record these in a separate regulatory deferral account. The utilities will propose in their future applications how this regulatory deferral account should be settled and these proposals will be subject to review by the AUC and other interested parties.*

## **Property, Plant & Equipment – Impairment of Assets**

### **Background:**

Under IFRS, PP&E is required to be examined for indicators of impairment at the end of each reporting period and when any such indicators are present an impairment test is to be performed. Impairment charges and recoveries are included in the income statement.

### **Discussion**

- IFRS rules could result in asset impairment charges being reflected in the calculation of the utility's rates.
- The current practice is to use historical costs thus impairment charges are not an issue.

*Consensus Position: For regulatory purposes, the utilities will continue with the existing practice of having no impairment (or impairment reversal) charges included when determining rates.*

## **Property, Plant & Equipment – Deemed Finance Leases**

### **Background:**

Under IFRS, where an asset is specifically acquired or constructed for the exclusive use of a particular customer, finance lease treatment may apply.

### **Discussion**

- IFRS standards may have no impact on utilities as there may be rare instances where a customer is receiving utility services using dedicated facilities that are separate from the utility's integrated system.

*Consensus Position: For regulatory purposes, the utilities will continue with the existing practice of recognizing revenue based on the use of total assets (and not a totally dedicated facility) to provide the utility service.*

## **Property, Plant & Equipment – Capital Inventories**

### **Background:**

Under IFRS, qualifying inventory will be classified as property, plant and equipment and amortized when it is available for use.

### **Discussion**

- Utilities depreciate strategic inventory purchases; otherwise the purchases remain in inventory at original cost.
- Classification should remain as inventory for regulatory reporting purposes.

*Consensus Position: For regulatory purposes, the utilities will continue with the existing practice of recognizing inventory and any depreciation associated with such.*

## **Property, Plant & Equipment – Treatment of Customer Contributions**

### **Background:**

Utilities currently classify customer contributions as a deduction to property, plant and equipment and the amortization of these is an offset to depreciation expense. Under IFRS, customer contributions would be classified separately as a liability and amortized to revenue.

### **Discussion**

- IFRS issue is the classification of the contribution-part of Property, Plant & Equipment account or recorded as a stand-alone liability.

*Consensus Position: For regulatory purposes, the utilities will continue with the existing practice of recognizing customer contributions in PP&E and including the amortization as an offset to depreciation.*

## **Accounting Method for Income Taxes**

### **Background:**

Utilities currently use either the future tax methodology or the flow through method or a combination of both. Starting in 2009 utilities will be required to record a future income tax liability under Canadian GAAP; however, it will be offset by a future income tax regulatory asset. Under IFRS, the utilities will also be required to record a future income tax liability but they may not be offset by a future income tax regulatory asset. IFRS does not allow the flow through method.

## Discussion

- The utilities would appreciate the Commission's support of including wording in the decisions regarding regulatory certainty that the income tax methodologies approved will continue in the future. This will hopefully enable the utilities to establish the future income tax regulatory asset on their books. The need for this wording was also discussed earlier in these minutes under the Regulatory Assets and Liabilities section.
- It was noted that IFRS does not change the Income Tax Act and that timing differences, especially on the T2S (1), may be different than they are now but taxable income should not change.

*Consensus Position: For regulatory purposes, the utilities will maintain the current approved practice for income taxes. The utilities will include the future income tax regulatory asset/liability in their applications where necessary and this future income tax regulatory asset/liability will have no impact on the revenue requirement as it will be offset by the future income tax liability/asset.*

## Pension Costs/Other Employment Benefits

### Background:

IFRS provides options for recognizing pension and other post employment benefit expenses, none of which are the cash payable method currently utilized by some utilities for rate setting purposes.

## Discussion

- The utilities would appreciate the Commission's support of including wording in the decisions regarding regulatory certainty that these costs will continue to be collected on the cash basis in the future. This will hopefully enable the utilities to establish a regulatory asset and liability under IFRS. Note that a difference already exists between Canadian GAAP and regulatory reporting on this issue.

*Consensus Position: For regulatory purposes, the utilities will continue with the existing practice of recognizing pension costs and other post employment benefits on a cash basis. The utilities will include the regulatory asset/liability in their applications where necessary and this regulatory asset/liability will have no impact on the revenue requirement as it will be offset by the pension liability/asset.*

## Intangible Assets

### Background:

Utilities currently record software development costs and land rights as PP&E. IFRS classifies these assets as intangible assets. In 2009, the CICA Handbook will be changed to be substantially converged with IFRS.

## Discussion

- IFRS issue is how to classify assets such as software development costs, land rights and Power Purchase Agreements etc. on the balance sheet. This is really a classification issue and as such the regulatory treatment should continue as it has in the past.

*Consensus Position: For regulatory purposes, the utilities will continue with the existing practice of recognizing intangible assets as part of PP&E.*

## Debt Transaction Costs

### Background:

Consistent with Canadian GAAP, under IFRS debt issue costs must be deferred and amortized based on the effective interest method which is different than the current method used by some of the utilities to amortize debt costs for regulatory purposes.

## Discussion

- Not considered to be an issue due to the materiality of the amounts.
- Utilities can be IFRS compliant if they so desire.
- There is already divergent practice between how the utilities amortize debt transaction costs.

*Consensus Position: For regulatory purposes, the utilities will continue to use the amortization method they currently use. However, the utilities may apply to make their regulatory practice the same as the IFRS standards. This change request would be subject to review by the AUC and other interested parties.*

## Discount Rate

### Background:

Under IFRS there is the potential for different rates to be used to discount provisions to present value.

## Discussion

- Same issue as impairment of assets and should be treated in the same manner.

*Consensus Position: For regulatory purposes, the utilities will continue with the existing practice of having no impairment (or impairment reversal) charges included when determining rates. Consequently, the issue of differing discount rates will not affect regulatory reporting.*

## **Reserves for General Damages and Self Insurance**

### **Background:**

Under IFRS this cannot be recognized unless a triggering event has taken place.

### **Discussion**

- This topic will require more analysis and review with respect to the treatment of capital assets before a consensus position could be established.
- This topic may be covered under the regulatory assets and liabilities area.

*Consensus Position: For regulatory purposes, there may be a capital impact. However, no determination can be made without further examination by the utilities. The utilities will examine this issue further.*

## **Business Combinations**

### **Background:**

IFRS is transitioning towards new business combination rules. These rules propose numerous changes to business combination accounting some of which will impact accounting for transaction and reorganization costs. The changing business combination rules may result in differences between IFRS accounting and regulatory accounting.

### **Discussion**

- Differences between the regulatory reporting requirements and the financial standards will continue to exist through the transition from GAAP to IFRS (e.g., exclusion of goodwill from the determination of rates).

*Consensus Position: For regulatory purposes, the utilities will continue with the existing practice.*

## **Initial Adoption Adjustments**

### **Background:**

IFRS contains a standard, IFRS 1, which specifically provides transitional rules to companies converting from their previous country specific GAAP to IFRS. The impact of various IFRS 1 adjustments available to the utilities on transition to IFRS will need to be evaluated in terms of any impact they may have on costs and ultimately on rates and regulations.

## Discussion

- Most appropriate treatment is to separately disclose each adjustment that has an impact on a regulatory account.
- Issue will be the amortization period to be used to eliminate the adjustment balances.
- The amount of these adjustments will depend on the IFRS 1 exemption. The IFRS 1 election for rate regulated entities currently under exposure draft may in some cases provide regulated entities with some relief which may limit the extent of some differences between regulatory accounting and IFRS. The extent of this potential relief is as yet to be determined.

*Consensus Position: For regulatory purposes, the utilities will disclose each adjustment separately if it impacts on regulatory accounts. These adjustments will be included in the utilities applications and each utility would make a proposal in their applications how the differences identified should be dealt with (e.g. the establishment of some sort of regulatory account). The AUC and other interested parties will review these proposals.*

## Borrowing Rates

### Background:

One of the largest impacts to utility companies is the increased volatility of financial results under IFRS. Traditionally utility companies have enjoyed lower borrowing rates due to the relatively safe and stable nature of the business which was reflected in the stable financial results. This loss of stability under IFRS could result in lower debt ratings and higher costs of borrowing.

## Discussion

- The issue of volatile earnings would certainly be the case if regulatory assets and liabilities were not permitted to be recognized under IFRS.

*Consensus Position: Issues related to borrowing costs will be dealt with in the individual utility's general tariff application proceeding.*

## 2011 Forecast

- This was discussed basically for information.
- Filings to stay with current requirements until 2010 or 2011.
- The utilities should address their transition progress on a best efforts basis.

## Other

- Some discussion was held regarding the IFRS 1 exemption exposure draft.
- This exemption was just for PP&E and not rate base assets.
- It was stated that the exemption should be for everything in rate base and not just PP&E. In addition, the wording regarding impracticability should be removed and also the references to IAS 8 should be eliminated.
- You have to apply IAS 36 on an item by item basis.
- Some discussion was held regarding the process steps taken by the Commission in having a draft rule reviewed.

## Action Items

- Minutes will be prepared and sent out to all attendees.
- Utility attendees will follow up with their depreciation personnel regarding the workability of the consensus position on the treatment of gains and losses upon retirement of assets.
- Utility attendees will determine any impacts on the reserve for injuries and damages that may arise from IFRS and/or the consensus positions reached. It was noted that there was an undertaking from a previous AltaLink Decision (no Decision number mentioned) in which the accounting entries for the reserve were provided. This undertaking may help provide guidance.
- The working group will hold a further meeting on the afternoon of December 5, 2008 to review the minutes and make sure the consensus positions listed in the minutes are correct. AUC staff will set up a video conference meeting between Calgary and Edmonton.
- After the meeting on December 5, AUC staff will work on a draft rule and circulate to attendees for input. Once this is completed, the draft rule will be presented to the Commission. It is hoped that this will be completed by mid December.